

# **EXHIBIT 5**

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

\* \* \* \* \*

FIREMAN'S FUND INSURANCE COMPANY,  
ONE BEACON INSURANCE COMPANY,  
NATIONAL LIABILITY AND FIRE  
INSURANCE COMPANY and QBE MARINE  
& ENERGY SYNDICATE 1036,

Plaintiffs,

10-cv-01653 (LAK)

vs.

GREAT AMERICAN INSURANCE COMPANY  
OF NEW YORK, MAX SPECIALTY  
INSURANCE COMPANY and SIGNAL  
INTERNATIONAL, LLC,

Defendants.

\* \* \* \* \*

Deposition of JOYCE JOHNSON, taken in the law  
offices of Johnstone, Adams, Bailey, Gordon &  
Harris, LLC, One St. Louis Centre, Suite 4000,  
Mobile, Alabama, on April 18, 2011, commencing  
at approximately 10:00 a.m.

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I N D E X

Witness  
JOYCE JOHNSON

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12 Page 273, line 12 - Request to Mr. Bowles from Mr. Guy  
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## S T I P U L A T I O N

It is stipulated and agreed by and between the parties hereto, through their respective counsel, that the deposition of JOYCE JOHNSON may be taken before Debra Amos Isbell, Notary Public for the State at Large, at the law offices of Johnstone, Adams, Bailey, Gordon & Harris, LLC, One St. Louis Centre, Suite 4000, Mobile, Alabama, on April 18, 2011.

It is further stipulated and agreed that this deposition is taken pursuant to the Federal Rules of Civil Procedure. The provisions of Rule 32(d)(3) dealing with waiver of errors and irregularities as to the taking of the deposition apply fully to this deposition.

Notice of the deposition and any errors or irregularities therein [Rule 32(d)(1)] and any objections to the qualifications of the officer before whom this deposition is taken [Rule 32(d)(2)] are waived.

The submission of the deposition to the witness for reading to or by her and the signing of the deposition by her [Rule 30(e)] is not waived.

1 Filing of the original of the transcript of  
2 this deposition [Rule 30(f)(1)] is waived.

3 Any other technicality or defect in the  
4 taking of this deposition not otherwise covered by the  
5 terms of this stipulation is waived.

6  
7 \* \* \* \* \*

8  
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14 I, Debra Amos Isbell, Commissioner and Court  
15 Reporter, certify that on this date, as provided by  
16 the Federal Rules of Civil Procedure and the foregoing  
17 stipulation of counsel, there came before me at the  
18 law offices of Johnstone, Adams, Bailey, Gordon &  
19 Harris, LLC, One St. Louis Centre, Suite 4000, Mobile,  
20 Alabama, on April 18, 2011, commencing at 10:00 a.m.,  
21 JOYCE JOHNSON, witness in the above cause, for oral  
22 examination, whereupon the following proceedings were  
23 had:

*ISELL & ASSOCIATES, LLC, REGISTERED PROFESSIONAL REPORTERS  
910 GOVERNMENT STREET, MOBILE, AL 36604 251-432-DEPO*

*JOYCE JOHNSON - EXAMINATION BY MR. BOWLES*

JOYCE JOHNSON

was sworn and testified as follows:

THE WITNESS: I do.

EXAMINATION

BY MR. BOWLES:

Q. By whom are you employed?

A. Willis of Alabama.

Q. And how long have you had that employment?

A. Approximately 22 years.

Q. And what education do you have?

A. High school graduate as well as several designations from insurance courses.

Q. Prior to Willis did you have any employment in the insurance field?

A. No.

Q. Was that your first job out of school?

A. Yes, sir.

Q. What are your duties for Willis?

A. I am an account executive and sometimes act as client manager on routine accounts.

Q. And what does account executive mean?

A. Account executive basically oversees the day-to-day functions that the client manager handles.

*JOYCE JOHNSON - EXAMINATION BY MR. BOWLES*

1 Q. And what does the client manager do?

2 A. The client manager handles the day-to-day  
3 functions of the account.

4 Q. And when you say clients, you're talking  
5 about the insureds?

6 A. The insureds.

7 Q. Such as Signal?

8 A. Yes.

9 Q. And those are your clients or your company's  
10 clients?

11 A. Yes.

12 Q. Do you consider yourself a broker?

13 A. Yes.

14 Q. And you work with a team of brokers?

15 A. Yes.

16 Q. Who is that? Who is on the team?

17 A. John Bullock, Vernon Ewing, Claire Parnell,  
18 Linda Bell and Will Moorer.

19 MR. NICOLETTI: I'm sorry. Who was the last  
20 one?

21 THE WITNESS: Will Moorer.

22 MR. BOWLES:

23 Q. Would it be fair to say that as client

*JOYCE JOHNSON - EXAMINATION BY MR. BOWLES*

1 MR. GUY: Object.

2 MS. SMITH: Object to the form.

3 MR. NICOLETTI: Same objection.

4 A. I don't know enough about the two to  
5 determine which one is correct. So I can't say what  
6 signal should have done in that case.

7 MR. BOWLES: why don't we take a break then  
8 now for lunch.

9 (JOHNSON EXHIBIT 100 WAS MARKED  
10 FOR IDENTIFICATION.)

11 MS. SMITH: 1:30?

12 MR. BOWLES: Sure.

13 (LUNCH RECESS FROM 12:27 P.M.  
14 TO 1:33 P.M.)

15 MR. BOWLES:

16 Q. Are you familiar with what Max Specialty was  
17 told, what it was given by the brokers, any brokers  
18 before they agreed to insure signal for this year?

19 MS. SMITH: Object to the form.

20 A. No. We submit to AmWINS who submits it to  
21 Max.

22 MR. BOWLES:

23 Q. Are you familiar with what AmWINS submitted

*JOYCE JOHNSON - EXAMINATION BY MR. BOWLES*

1 to Max?

2 A. Not directly.

3 Q. Well, indirectly or however, what normally  
4 would be provided to an insurer?

5 A. I would assume --

6 MS. SMITH: wait. Let him ask the question.

7 (REQUESTED PORTION OF RECORD READ.)

8 MR. NICOLETTI: Objection as to form.

9 MR. GUY: Same objection.

10 A. I would assume that AmWINS would send the  
11 same information that we sent to AmWINS to their  
12 carriers.

13 Q. And what did you send to AmWINS?

14 MR. NICOLETTI: Objection as to form.

15 MS. SMITH: I'm not certain what time frame  
16 we're talking about either. Ever?

17 MR. BOWLES:

18 Q. Well, let's focus on the 2009/10 year --

19 MR. GUY: I make an objection.

20 MR. BOWLES:

21 Q. -- where Max is being asked whether they  
22 would accept the risk, property risks.

23 A. Okay. I'd need to look at emails to know

*JOYCE JOHNSON - EXAMINATION BY MR. BOWLES*

1 exactly. But it would probably be the submission,  
2 which is our submission document.

3 Q. What is that?

4 A. Which looks similar to the proposal. It  
5 lists the limits and coverages desired, Statement of  
6 Values, and there was a recent Loss Prevention Report,  
7 and I believe that was sent.

8 Q. Who prepared the Loss Prevention Report?

9 A. It was a third party. I believe it's Heller  
10 & Associates.

11 Q. Stephen Heller & Associates?

12 A. Yes.

13 Q. S-H-A-I? Their initials.

14 A. I don't know if that's their initials.

15 MR. BOWLES: In the interest of moving this  
16 along, I'd like to try this, which is a group of  
17 documents which I've been produced from the files of  
18 Trip Morano who was the person at Max making the  
19 decision on the insurance. I've put together a number  
20 of documents. They're not in consecutive order but I  
21 thought a reasonable order. They're all Bates stamped  
22 TripM various numbers. Again, they're not in  
23 consecutive order but in a form order. I can break it

*JOYCE JOHNSON - EXAMINATION BY MR. BOWLES*

1 down and do ten different documents or one big  
2 document. Does anyone have any objection?

3 MR. NICOLETTI: You can do it as one  
4 document. Just identify the groups that make it up by  
5 Bates number.

6 MR. BOWLES: All right. Anyone object to  
7 that?

8 (NO RESPONSE.)

9 MR. BOWLES: Mark this as the next exhibit  
10 then.

11 THE REPORTER: 101.

12 MR. BOWLES: 101.

13 (JOHNSON EXHIBIT 101 WAS MARKED  
14 FOR IDENTIFICATION.)

15 MR. BOWLES:

16 Q. If I could just --

17 MS. SMITH: Are you going to ask her  
18 specific questions?

19 MR. BOWLES:

20 Q. Well, why don't we first do what  
21 Mr. Nicoletti suggested, try to identify the documents  
22 included within this long document. And if we start  
23 from the beginning, there's an email dated January 28,

*JOYCE JOHNSON - EXAMINATION BY MR. BOWLES*

1 2009 --

2 MR. NICOLETTI: why don't we just do it by  
3 Bates number.

4 MR. BOWLES: Okay.

5 MR. NICOLETTI: That's the easiest way to do  
6 it.

7 MR. BOWLES: Okay.

8 MR. NICOLETTI: And I think the first group  
9 is TripM 82 through 191?

10 MR. BOWLES: No.

11 MR. NICOLETTI: There are gaps?

12 MR. BOWLES: There are gaps, yes. That's  
13 what I was trying to make clear before.

14 MR. NICOLETTI: I looked through it  
15 quickly. I didn't see any gaps.

16 MR. BOWLES: Okay. So it's 82 -- let me  
17 just go through it to make sure.

18 what did you say, John, the first group is  
19 in consecutive order, 82 through --

20 MR. NICOLETTI: 191.

21 MR. BOWLES: -- 191.

22 MR. NICOLETTI: And the second group appears  
23 to be 56 through 81.

*JOYCE JOHNSON - EXAMINATION BY MR. BOWLES*

1 MS. SMITH: So 56 through 191 total?

2 MR. BOWLES: That's the first part.

3 MR. NICOLETTI: It looks like it, but  
4 there's two separate sections.

5 MR. BOWLES: John, you had 56 through 81?

6 MR. NICOLETTI: That's correct.

7 MR. BOWLES: Okay. I was going to do it a  
8 little bit differently by type of document, but at  
9 least we've got the Bates stamps.

10 MR. NICOLETTI: Unless you want to ask her  
11 on every document.

12 MR. BOWLES: I'm going to ask her a couple  
13 of questions on the various documents as we go  
14 through.

15 MR. NICOLETTI: That's fine. Just identify  
16 it by the Bates number as we go through it. But the  
17 composite is Exhibit 101.

18 MR. BOWLES: Correct.

19 Q. Are you familiar with the data in the email,  
20 the discussion of the short fuse in ranging insurance,  
21 excess insurance?

22 MS. SMITH: Object to the form.

23 MR. NICOLETTI: Same objection.

*JOYCE JOHNSON - EXAMINATION BY MR. BOWLES*

1 to insurers that they're dealing with?

2 MR. NICOLETTI: Object.

3 MS. SMITH: Object to the form.

4 A. I would expect that they would.

5 MS. SMITH: Are we done with that exhibit?

6 MR. BOWLES: Yeah. Can you put that back  
7 together?

8 Q. Do you know if Ace Westchester received a  
9 similar presentation as Max Specialty did?

10 A. I don't know.

11 Q. Well, would you expect that they did was my  
12 question.

13 MS. SMITH: Object to the form.

14 A. I would expect that they did.

15 MR. BOWLES:

16 Q. Did Westchester sign on for a 10 million  
17 dollar primary property policy?

18 A. Yes, they quoted 10 million primary.

19 Q. Is this a copy of the policy? Let's mark it  
20 as the next exhibit.

21 THE REPORTER: 103.

22 (JOHNSON EXHIBIT 103 WAS MARKED  
23 FOR IDENTIFICATION.)

*JOYCE JOHNSON - EXAMINATION BY MR. BOWLES*

1 MR. NICOLETTI: Any Bates numbers on it?

2 MR. BOWLES: Willis 722 through 800.

3 MR. NICOLETTI: It looks like more than  
4 that. Maybe it is only 80. Can we take a look at it?

5 MR. BOWLES: Yeah. Here's a copy. I was  
6 just trying to count quickly.

7 THE WITNESS: Could you repeat the question,  
8 please?

9 (REQUESTED PORTION OF RECORD.)

10 A. It appears to be a copy of the policy.

11 MS. SMITH: I will note there are a couple  
12 of handwritten pages that are perhaps tabs in the  
13 document. They do have a Willis Bates number. But I  
14 don't know if those were actually part of the policy.  
15 But I just point that out for clarification purposes.

16 MR. BOWLES: Do you want to show me which  
17 pages?

18 MS. SMITH: There were a couple. An example  
19 is 745.

20 MR. BOWLES:

21 Q. That has a handwritten note "property  
22 insured"?

23 A. Right.

*JOYCE JOHNSON - EXAMINATION BY MR. BOWLES*

1 foundation.

2 A. It would have come through AmWINS. I don't  
3 know what AmWINS sent to them.

4 MR. BOWLES:

5 Q. But the general procedure was for Signal to  
6 provide data values and so on to willis, willis would  
7 provide it to intermediaries such as AmWINS, who would  
8 pass it on to the property insureds; correct?

9 MR. NICOLETTI: Object to the form.

10 MS. SMITH: Object to the form.

11 A. Correct.

12 MR. BOWLES:

13 Q. Do you know of any investigation made by  
14 Westchester of Signal's presentations?

15 A. No, I do not.

16 Q. And data?

17 A. No.

18 MR. BOWLES: Mark this as the next exhibit.

19 THE REPORTER: 104.

20 (JOHNSON EXHIBIT 104 WAS MARKED  
21 FOR IDENTIFICATION.)

22 THE WITNESS: I'm sorry. What's the  
23 question?

*JOYCE JOHNSON - EXAMINATION BY MR. BOWLES*

1 MR. BOWLES:

2 Q. There is no question yet. I just marked the  
3 exhibit. Is this a copy of the policy issued by Max  
4 Specialty Insurance Company?

5 A. Yes, it appears to be.

6 Q. For the period January 30, 2009, to January  
7 30, 2010?

8 A. Yes; correct.

9 Q. And the participation layer is 15 million  
10 dollars per occurrence, excess of 10 million dollars  
11 per occurrence?

12 A. Correct.

13 Q. And this policy was issued based on the  
14 information provided by AmWINS to Max Specialty?

15 MR. NICOLETTI: Object to the form.

16 MS. SMITH: Object to the form.

17 A. Whatever Max Specialty's underwriting review  
18 consists of. I assume that's what they based their  
19 quote on.

20 MR. BOWLES:

21 Q. And that includes the information provided  
22 by Westchester -- I mean by AmWINS?

23 MS. SMITH: Object to the form.

*JOYCE JOHNSON - EXAMINATION BY MR. ZACHARKOW*

1           A.     CPIW is Certified Professional Insurance  
2 Woman. That was a test I took as a member of  
3 Insurance Women, which is an organization; I got that  
4 designation.

5           Q.     That's an industry group; is that correct?

6           A.     Correct.

7           Q.     Are you licensed by any authorities, state  
8 authorities for what you do?

9           A.     I'm licensed in Alabama.

10          Q.     And your license is for what?

11          A.     P&C.

12          Q.     Property and casualty?

13          A.     Yes.

14          Q.     Could you explain a little bit more in the  
15 time frame of 2003 to 2009 with regard to the Signal  
16 account how that account was handled amongst the  
17 individuals at Willis who you spoke of: you,  
18 Mr. Ewing, Mr. Baker, Mr. Bullock?

19               MS. SMITH: You mean just sort of the  
20 dynamics of who did what?

21               MR. ZACHARKOW: Right.

22          A.     I was the client manager on the account.

23          Q.     And I'll break you off. What does that mean

*JOYCE JOHNSON - EXAMINATION BY MR. ZACHARKOW*

1 that you do on a regular basis?

2 A. The client manager handles the day-to-day  
3 requests, if they need a certificate, add an auto, add  
4 or delete a property, whatever the client needs,  
5 prepare the submission to give to the marketer who  
6 will send to marketing. And then when the policies  
7 come in, the client manager checks the policies and  
8 transmits them to the client.

9 Q. Were you in that position as to Signal for  
10 that entire time frame that I referenced, 2003 through  
11 2009?

12 A. Until Claire joined us, which I believe was  
13 2008. So in 2008 I believe she joined us, and the  
14 account was assigned to her.

15 Q. Now, you referenced earlier Claire Parnell.  
16 Did her name -- did it used to be Spearman?

17 A. It did. She got married recently.

18 Q. What about with regard to Mr. Ewing? What  
19 did he do in this time frame 2003 to 2009?

20 A. He handles the marine marketing, marine  
21 placement. He would also review contracts that would  
22 come in. That's a big part of what he does. Signal  
23 would send him a contract to review to see if the

*JOYCE JOHNSON - EXAMINATION BY MR. ZACHARKOW*

1 insurance was in line with the contract, and he would  
2 comment on it.

3 Q. In other words, if they were going to be  
4 repairing a rig, you mean, something like that, and  
5 there was a contract?

6 A. Right.

7 Q. What about Mr. Bullock?

8 A. He's the client advocate, sometimes called  
9 the producer, the person who owns the account. It's  
10 his account. So he works with the client manager and  
11 the marketer and would generally present the proposal  
12 to the client, get renewal instructions, meet with  
13 them if they want to market, not market it that year.  
14 So he's generally the top layer.

15 Q. And when you say market or not market, are  
16 you referring to whether to go out and try to look for  
17 other underwriters for a given year?

18 A. Correct.

19 Q. As opposed to just really renewing as  
20 expiring with the existing?

21 A. Strategy, yes.

22 Q. What about Mr. Baker? What does he do?

23 A. He is a claims advocate. He would get

*JOYCE JOHNSON - EXAMINATION BY MR. ZACHARKOW*

1 involved if a claim --

2 Q. Did I ask you that already?

3 A. No. He doesn't really report claims. We  
4 have a claim center that does that. So if a claim  
5 escalates where it needs assistance, he assists on  
6 claims.

7 Q. Was Willis the designated broker for Signal  
8 in this time frame from 2003 to 2009 or was it a  
9 competitive situation with other brokers?

10 MS. SMITH: Object to the form.

11 MR. ZACHARKOW:

12 Q. Do you understand the question?

13 A. For the lines we write?

14 Q. Yes, ma'am.

15 A. I don't recall having direct competition.  
16 There may have been one time when we did that. I just  
17 don't recall.

18 Q. So basically Willis has been the broker for  
19 Signal since 2003 to present, right, for those  
20 particular lines; right?

21 A. For those lines, yes.

22 Q. When did Willis start as a broker for Friede  
23 Goldman?

*JOYCE JOHNSON - EXAMINATION BY MR. ZACHARKOW*

1 MR. ZACHARKOW:

2 Q. Within willis, how does your team with  
3 regard to Signal operate? Do you have meetings? How  
4 do you go about doing the job that you have to do for  
5 Signal?

6 MS. SMITH: Object to the form.

7 A. Could you repeat it for me?

8 MR. ZACHARKOW:

9 Q. Sure. How do you and Mr. Ewing and  
10 Mr. Baker and Mr. Bullock operate within willis in  
11 terms of handling the account?

12 MS. SMITH: Same objection.

13 MR. ZACHARKOW:

14 Q. The Signal account?

15 A. Are you referring to the renewal process?  
16 Because we work on it all year long different things.

17 Q. Sure. Let's start -- this coverage ran  
18 right from -- the coverage period was January 30 of  
19 the given year through the following year; correct?

20 A. Correct.

21 Q. What would you do with regard to the  
22 Signal --

23 MS. SMITH: For the policies we're talking

*JOYCE JOHNSON - EXAMINATION BY MR. ZACHARKOW*

1 about at issue?

2 MR. ZACHARKOW: Correct, yes. Going  
3 forward, I'm not talking about any other policies that  
4 Willis was not involved with brokering.

5 A. I'm going to say in general because I don't  
6 know the specific dates that we did certain things.  
7 But in general, around 120 days out, sometimes 90 days  
8 out, we would send the current information to the  
9 client and ask them to update the information.

10 Q. When you say out, do you mean before the  
11 policy period starts when you're getting ready to  
12 renew?

13 A. Yes. 120 days before the renewal we ask the  
14 client to provide updated exposure information.  
15 Within that time the client advocate will get with the  
16 insured to see if they would like alternative quotes  
17 or if they just want us to work with the incumbent  
18 markets. It kind of gives them an idea of our  
19 recommendation versus what we think, and they decide  
20 what we're going to do. When the insured gives the  
21 information back to us, we put a submission together,  
22 send it to the markets, get the quotes together,  
23 present the proposal, get the coverage bound up, then

*JOYCE JOHNSON - EXAMINATION BY MR. ZACHARKOW*

1 the policies would come in, they'd be checked in and  
2 sent to the client. That's the general flow of it.

3 Q. While we were off the record I referenced  
4 documents that I had copied from the production that  
5 Signal -- excuse me -- that Willis made. And the  
6 cover page of the document that I copied is in  
7 handwriting Signal International 2009-2010 marketing  
8 file. It's Bates stamped Willis 21239. It's just  
9 clipped together because it's large here. And the end  
10 page that we have is Willis 21580. I believe this is  
11 what was produced as the file for the 2009-10  
12 renewal. If you could just look at that for me,  
13 Ms. Johnson, and tell me if it appears that that's the  
14 case. And for the record, I've put stickies on  
15 certain pages that I wanted to ask you about which  
16 seem to be breakouts within that file.

17 MS. SMITH: You mean just for marketing? Or  
18 you're asking if it's everything related to the  
19 '09-'10 submission?

20 MR. ZACHARKOW: If there's some other page  
21 somewhere, I'm not holding her to that. I'm just  
22 trying to get an idea how it was produced.

23 MS. SMITH: Sure.

*JOYCE JOHNSON - EXAMINATION BY MR. ZACHARKOW*

1           A.     From a brief review of this, this appears to  
2     be Vernon's marketing file, which would be marine  
3     related.

4     MR. ZACHARKOW:

5           Q.     And then there would be another file that  
6     would exist or other files that would exist?

7           A.     Yeah. The client manager would normally  
8     keep a file of what they do. There are steps where  
9     they ask the client for the information where it came  
10    back. And then the nonmarine marketer would have had  
11    a file. Or sometimes the client manager does the  
12    marketing, so it depends on the situation.

13          Q.     Does the client manager go across all lines  
14    that willis is involved with?

15                MS. SMITH: Object to the form.

16          A.     Yes.

17    MR. ZACHARKOW:

18          Q.     I'm talking within the context of Signal.  
19    In other words, not just marine; it would be involved  
20    with other lines as well?

21          A.     Correct.

22          Q.     As I said earlier, on the coverage page that  
23    I have here, it references marketing file. And you

## JOYCE JOHNSON - EXAMINATION BY MR. ZACHARKOW

1 involved.

2 Q. With Signal you mean; right?

3 A. Yes, with Signal. So I'd be a little less  
4 involved, more as an overviewer helping when they  
5 needed help.

6 And I'm sorry, what was your question? I  
7 got off track.

8 Q. Were there particular lines for Signal that  
9 you were involved with handling?

10 A. I would probably more help on the nonmarine  
11 side because Vernon would do the marine piece. So I  
12 would handle more of the nonmarine. But I would also  
13 kind of overview, I guess, when she's putting the  
14 proposal together, try to check everything.

15 Q. You told me this before, and I just didn't  
16 -- it didn't register. When was it that Ms. Spearman  
17 came on and you started to take on a different role?

18 A. I believe it was 2008.

19 Q. The document that I flagged in this group  
20 that we're talking about, willis 2133, it's titled  
21 Brokerage Services Final Proposal for Signal Effective  
22 January 30, 2008, to January 30, 2009. Could you look  
23 at that and tell me --

*JOYCE JOHNSON - EXAMINATION BY MR. ZACHARKOW*

1 MR. ZACHARKOW: (Complying.)

2 Q. Now, continuing to look at the documents  
3 within that collective group that we were looking at,  
4 could you tell me generally what is in this next group  
5 that's clipped together? And the clipping is just  
6 random. It starts at willis 21374 and goes through  
7 21485.

8 MS. SMITH: You just want the general idea?

9 MR. ZACHARKOW: I just want a sense of  
10 what's there.

11 A. This appears to be Vernon's correspondence  
12 with underwriters or intermediaries and some loss  
13 experience.

14 Q. Thank you. And if you'd look at this next  
15 group, which is willis 21486 through willis 21580.  
16 Just generally what's in there? And then I have some  
17 questions.

18 MR. PRESCOTT: Are you marking that?

19 MR. ZACHARKOW: No.

20 A. This appears to be a marine submission, the  
21 documents from a marine submission.

22 MR. ZACHARKOW:

23 Q. And in there the first tab that I put there

*JOYCE JOHNSON - EXAMINATION BY MR. ZACHARKOW*

1 is for what submission, Ms. Johnson?

2 A. This is the hull and MGL insurance  
3 submission for January 30th, 2009, through 2010.

4 Q. And would you pull that out and find the end  
5 point, please, and we'll mark that separately.

6 A. This is the application that would have  
7 probably gone with the submission, but this is the  
8 word document that was the submission. Do you want  
9 these together?

10 Q. Yes, please.

11 THE REPORTER: Exhibit 108.

12 (JOHNSON EXHIBIT 108 WAS MARKED  
13 FOR IDENTIFICATION.)

14 MR. ZACHARKOW:

15 Q. 108 is Signal Hull and MGL Insurance  
16 Submission Insurance for January 30, 2009 to January  
17 30, 2010; correct?

18 A. Correct.

19 Q. Starting at Bates stamp 21539 to Bates stamp  
20 21556. would you look at the next document that I  
21 flagged in there and tell me what that group is?

22 A. That is the vessel pollution for January  
23 30th, 2009, to 2010.

*JOYCE JOHNSON - EXAMINATION BY MR. ZACHARKOW*

1 MR. ZACHARKOW: Could you pull that out and  
2 we'll mark that separately, please, Ms. Johnson.

3 (JOHNSON EXHIBIT 109 WAS MARKED  
4 FOR IDENTIFICATION.)

5 MR. ZACHARKOW:

6 Q. For the record, that's the vessel pollution  
7 insurance submission for January 30, 2009, to January  
8 30, 2010, willis 21558 through willis 21566. And is  
9 there another submission that's within the group?  
10 What is that?

11 A. Bumbershoot liabilities.

12 Q. Could you look at that and give us what  
13 makes up that submission?

14 (JOHNSON EXHIBIT 110 WAS MARKED  
15 FOR IDENTIFICATION.)

16 MR. ZACHARKOW: And again for the record,  
17 it's the Bumbershoot Liabilities Insurance Submission  
18 for January 30, 2009, to January 30, 2010, willis  
19 21568 to willis 21580.

20 Okay. I'll take whatever is left.

21 (JOHNSON EXHIBIT 111 WAS MARKED  
22 FOR IDENTIFICATION.)

23 MR. ZACHARKOW:

*JOYCE JOHNSON - EXAMINATION BY MR. NICOLETTI*

1 A. Yes.

2 Q. If you have a question concerning the  
3 question itself, it should be directed to me as the  
4 questioner. Do you understand that request?

5 A. Yes.

6 Q. I'm going to try to break this up in years  
7 because you've had a long history with this account.  
8 Did you have involvement with the Signal account for  
9 the 2003-2004 policy period?

10 A. Yes.

11 Q. What position did you hold at that time?

12 A. It would have been as client manager.

13 Q. Between 2003 -- for the 2004-2005 policy  
14 period did you have involvement with the Signal  
15 account?

16 A. Yes.

17 Q. As what?

18 A. Client manager.

19 Q. Is the same answer true for the 2005 to 2006  
20 period?

21 A. Yes.

22 Q. Is it the same answer for the 2006 to 2007  
23 period?

*JOYCE JOHNSON - EXAMINATION BY MR. NICOLETTI*

1 A. Yes.

2 Q. Is the same answer correct for 2007 to 2008?

3 A. That's where I'm not sure when Claire  
4 started. Around when she started it was assigned to  
5 her, so whatever that date was.

6 Q. Well, this policy went from January 1, 2007,  
7 through January 1, 2008. I think your prior answer --

8 A. So yes, I probably would have been client  
9 manager at that time.

10 Q. Now, for the 2008 to 2009 policy, I gather  
11 Claire Parnell --

12 A. Yes.

13 Q. -- became the client manager. What position  
14 did you hold, if any, with regard to the Signal  
15 account?

16 A. My title is account executive. And so  
17 particularly during the period of time where she was  
18 getting acclimated to the account, I would have still  
19 been more involved at the beginning when she started  
20 and a little bit less each year as she got more  
21 familiar with the account.

22 Q. So for the policy period 2008 to 2009 you  
23 still had certain duties and responsibility as the

*JOYCE JOHNSON - EXAMINATION BY MR. NICOLETTI*

1 client manager of the account as you trained  
2 Ms. Parnell?

3 A. Yes.

4 Q. For 2009 to 2010 what position -- what  
5 involvement did you have, if any, with the Signal  
6 account?

7 A. As an account executive.

8 Q. So to be clear on this, when you were the  
9 client manager, what were your duties and  
10 responsibilities in regard to the placement of the  
11 Signal insurance program, as I'll call it?

12 A. I would request the information from the  
13 insured when it's time for the renewal. I'd collect  
14 that data, put it into a submission. It would then,  
15 depending on who marketed it, because it varies  
16 sometimes, it would go to a marketer who would market  
17 it. I would get a proposal back and I would review  
18 the proposal before it went out and then assist in  
19 getting the binders together and then checking in the  
20 policies when they came in.

21 Q. One step at a time. I think I have an idea  
22 of what were your responsibilities. Who was the  
23 marketer? Was that somebody at Willis of Alabama?

*JOYCE JOHNSON - EXAMINATION BY MR. NICOLETTI*

1 Q. Let me hand you this and find my own copy.  
2 Let me direct your attention to --

3 MR. ZACHARKOW: What exhibit is this?

4 MR. NICOLETTI: This is Exhibit 81.

5 Q. Before I get there, based on everything I've  
6 reviewed in this file from 2003 through 2010, the  
7 drydocks were always part of the property program for  
8 Signal; is that correct?

9 MS. SMITH: Are you talking about in the  
10 Willis documents?

11 MR. NICOLETTI: Yeah, in the Willis  
12 documents. That's all I have in front of me.

13 A. Yeah. I believe they have been part of the  
14 property program since we started handling it.

15 Q. Did it ever come to your attention that  
16 around 2005 or 2006 that Willis of Alabama had a  
17 concern that they'd have to move the drydocks from the  
18 property program to their marine hull program?

19 A. There were several hurricane-type losses, so  
20 this account has had some loss experience from the  
21 hurricane side. And so I know several renewals we  
22 would be prepared because we never knew if the  
23 property carriers were going to continue to cover the

*JOYCE JOHNSON - EXAMINATION BY MR. NICOLETTI*

1 Q. Can you identify that document for me?

2 A. It's an email from an underwriter to someone  
3 at AmWINS. And there's -- do you want me to continue?

4 Q. Yes.

5 A. And there's an endorsement attached that,  
6 without looking at the current limits of liability  
7 endorsement, that should be taking away the scheduled  
8 amount to the Statement of Values and making it a  
9 blanket policy.

10 Q. Okay. Now, the first email -- let's go back  
11 to the email. And it says: "Hi, Linda. Attached is  
12 the endorsement for the above-mentioned account."

13 It goes on to say: "Yes, we agree to follow  
14 form."

15 Do you see that?

16 A. Yes, I do.

17 Q. Does that refresh your recollection that  
18 with regard to the 2009-2010 policy period the Max  
19 Specialty policy followed form to the Westchester  
20 primary property policy?

21 A. Yes. The intent was for it to follow the  
22 primary form, yes.

23 Q. And that would include debris removal, if

*JOYCE JOHNSON - EXAMINATION BY MR. NICOLETTI*

1 any, under the primary form?

2 A. Correct.

3 Q. Just put them on the pile, as we say.

4 who was the primary property insurer for  
5 signal in 2003-2004.

6 A. I'd have to look.

7 Q. Was Lexington one of the primary property  
8 insurers?

9 A. That sounds right. I believe Lexington was  
10 on it, then somebody else, and then Lexington came  
11 back on it.

12 Q. And who followed Lexington?

13 MS. SMITH: which time?

14 A. I don't know.

15 MR. NICOLETTI:

16 Q. The second time. would that have been  
17 westchester?

18 A. I don't recall. That sounds familiar, but I  
19 can't confirm it.

20 Q. Give me one minute while I look at  
21 something.

22 Let me show you the 2007-2008 document,  
23 Exhibit 119. Can you identify that for me? And if I

*JOYCE JOHNSON - EXAMINATION BY MR. GUY*

1 I want to get clear the chain of  
2 communication that goes into placing insurance for  
3 Signal or indeed for any of Willis' clients. As I  
4 understand, Signal goes to Willis; is that correct?

5 A. Correct.

6 Q. And then Willis would approach a retail  
7 broker. In this case with the property insurance it's  
8 AmWins; is that correct?

9 A. To access carriers that we cannot access  
10 directly or in where they may have a better  
11 relationship. Some markets we would go direct to.

12 Q. Okay. But with regard to the property  
13 insurance of the 2009-2010 years, that was done  
14 through AmWins; is that correct?

15 A. Correct.

16 Q. So would Signal ever communicate directly  
17 with AmWins?

18 A. No.

19 Q. Signal would always communicate through  
20 Willis?

21 A. Correct.

22 Q. And flip that around, AmWins would always  
23 communicate with Willis --

*JOYCE JOHNSON - EXAMINATION BY MR. GUY*

1           MR. GUY: It's the one you decided to put in  
2 a funny order, Larry.

3           MR. BOWLES: Say again?

4           MS. SMITH: Here. (Indicating.)

5           MR. GUY:

6           Q.     Okay. This has been previously introduced  
7 and marked as Exhibit 101. And it's taken from the  
8 underwriter of Max Specialty's file. And I'd like to  
9 go through the covering email with you, if I may, to  
10 see if I can clarify a number of things. And I  
11 appreciate you were not addressed on that, but I think  
12 it may be implied in here.

13                   The first thing on the email from Mr. Cesare  
14 dated January 28, 2009, is: "We have a short fuse  
15 1/30/09 account that we have some history on."

16                   Do you know what he means by "a short fuse"  
17 there?

18           A.     It renewed January 30th and at the last  
19 minute the incumbent carrier came back with  
20 unacceptable terms. So we were trying to get an  
21 alternative. And that was on January 28th that he was  
22 sending that out.

23           Q.     Okay. So if I understood your answer

*JOYCE JOHNSON - EXAMINATION BY MR. GUY*

1 correctly, January 28th looks like the existing  
2 carrier's terms are unacceptable and you need to find  
3 a new carrier by January 30th, 2009; is that correct?

4 A. Yes, according to this. I know it was short  
5 term. I don't know exactly when we found out  
6 Lexington's quote. It might have been a little bit  
7 before that, but I'm not sure.

8 Q. In any event, this is when it's being  
9 communicated by AmWINS; is that correct?

10 A. Right, correct.

11 Q. And there are four bullet points below that  
12 that are described as "the short story."

13 A. (Reading.)

14 Q. Now, I don't propose to read that out. But  
15 as I understand that, it's giving a brief sort of  
16 summary of the loss history; is that correct?

17 A. It's giving a summary of the last couple of  
18 years as to who wrote it and then an issue with  
19 losses.

20 Q. Okay. Now, after those four bullet points,  
21 he now continues:

22 "Our retailer called me  
23 yesterday and advised that all

*JOYCE JOHNSON - EXAMINATION BY MR. GUY*

1 along Lex was indicating they  
2 were going to offer 25 MM  
3 renewal at 1,400,000 which was  
4 up from 1,150,000 expiring, but  
5 yesterday they advised that  
6 they would only offer a 10  
7 million primary at 1,750,000!"

8 Did I read that correctly?

9 A. Correct.

10 MS. SMITH: 10 MM.

11 MR. GUY: 10 MM. Fair enough.

12 MS. SMITH: Not to split hairs.

13 MR. GUY: Fair enough.

14 MS. SMITH: I'm trying to be consistent.

15 MR. NICOLETTI: Thank you.

16 MR. GUY:

17 Q. Now, the reference to "our retailer," would  
18 that be willis?

19 A. willis is the retailer, yes.

20 Q. Okay. So when this email is referencing  
21 "our retailer," he's referring to willis?

22 A. Correct.

23 Q. Is it most likely that he's referring to

*JOYCE JOHNSON - EXAMINATION BY MR. GUY*

1     you, willis, do you think?

2             A.     Me personally?

3             Q.     Yes.

4             A.     I don't remember if it was me or John --

5             Q.     Bullock?

6             A.     John Bullock that called him.

7             Q.     Okay. But one way or another, your  
8 understanding is that somebody from willis called him  
9 to explain what's set out in that email there?

10            A.     Correct.

11            Q.     Okay. So if we can back up, "our retailer  
12 called me yesterday," we can assume that that was  
13 January 27th of 2009; is that correct?

14            A.     Correct.

15            Q.     And it looks like that's when willis became  
16 aware that there was a -- or at least made AmWINS  
17 aware that there was a problem, if you like, with the  
18 Lexington quote?

19            A.     Yes, that's what it appears.

20            Q.     Okay. The next paragraph goes on -- sorry,  
21 let me pause that. So that's January 27th on the  
22 calendar schedule to renew on January 30th?

23            A.     Right.

*JOYCE JOHNSON - EXAMINATION BY MR. GUY*

1 Q. So we go three days?

2 A. Actually two because you have to bind it the  
3 29th because it goes out midnight, 12:01. So you have  
4 to bind it on the 29th.

5 Q. Which is why it would be a short fuse?

6 A. Correct.

7 Q. Let's go to the next paragraph. It reads:

8 "We have Westchester who  
9 still likes this risk poised to  
10 offer a 10 MM dollar primary @  
11 1,400,000 though they may have  
12 to cut back to a 5 MM primary @  
13 1 million dollars (if the  
14 referral underwriter does not  
15 go along with the NY manager's  
16 10 MM primary.)"

17 Can you explain what that means?

18 A. AmWins would have gotten a quote for the  
19 primary. And it looks like Westchester's underwriter  
20 gave them an indication but had to send it to a higher  
21 underwriter for approval. So he didn't know if he was  
22 going to get 10 million or 5 million at that point.

23 Q. In policy limits?

*JOYCE JOHNSON - EXAMINATION BY MR. GUY*

1 A. In property limits; correct.

2 Q. Okay. And what's the 1,400,000?

3 A. 1,400,000 is the indication that Westchester  
4 has given him for a 10 million dollar limit, primary  
5 limit.

6 Q. That's the premium?

7 A. 1,400,000, yes.

8 Q. For a 10 million dollar limit?

9 A. Correct.

10 Q. And the alternative proposal is if there's a  
11 5 million dollar primary limit, the premium for that  
12 would be 1 million dollars; is that your  
13 understanding?

14 A. Correct.

15 Q. Okay. All right. Let's continue.

16 "In any event, we need for  
17 you to look at the following  
18 layer in order of preference."

19 And there lists four different alternatives  
20 here. Okay?

21 A. Yes.

22 Q. Now, he then goes on to enclose some  
23 information. And I believe -- Mr. Bowles will correct

*JOYCE JOHNSON - EXAMINATION BY MR. GUY*

1 the first page?

2 MR. BOWLES: Bates number, please?

3 MR. GUY: TripM 084.

4 MS. SMITH: 0084.

5 A. This appears to be the 2008-2009 Ace  
6 Westchester quote that they had previously given the  
7 year before.

8 MR. GUY:

9 Q. Okay. And does that seem to square with  
10 what's listed as Exhibit A -- "We are enclosing,"  
11 number A on the front page of -- sorry -- on the  
12 second page of Exhibit 101?

13 A. Yes.

14 Q. Okay. Now, let's go and see if we can find  
15 the next document in there, which is Willis' 2009  
16 property submission. And that's the one that's Bates  
17 stamped TripM 0056; is that correct?

18 A. Yes.

19 Q. And does that look like it's the document  
20 referred to in point B of Exhibit 101?

21 A. Yes.

22 Q. And that looks to me like it's 14 pages; is  
23 that correct?

*JOYCE JOHNSON - EXAMINATION BY MR. GUY*

1 MS. SMITH: what does it end on? what Bates  
2 number, Matt?

3 MR. GUY: I don't know. I'm working off a  
4 different Bates stamped version.

5 MS. SMITH: Oh, I'm sorry.

6 A. Okay. That's the submission, and it stops  
7 -- that document stops here. (Indicating.)

8 MR. GUY:

9 Q. Okay. If you can read the Bates stamp  
10 number out for the record, please.

11 A. TripM 0071.

12 MS. SMITH: It does have a 14 above it.

13 MR. GUY:

14 Q. All right. So that's the complete property  
15 insurance submission that I think we've already  
16 established that willis would have sent to AmWINS and  
17 AmWINS has then passed on to potentially interested  
18 underwriters?

19 A. It's the piece of the submission that  
20 outlines the specifications.

21 Q. Okay.

22 A. Because the submission would also include  
23 the statement of values and some other --

*JOYCE JOHNSON - EXAMINATION BY MR. GUY*

1 Q. Okay. Let's come to that next. Let's turn  
2 to the next page. I think you're saying that's a  
3 Statement of values. But if we can back up, the  
4 document we just last looked at, the 14-page document,  
5 is it your understanding that that is the willis 2009  
6 property submission referred to in the email?

7 A. Yes.

8 Q. And then we get to the current 2009  
9 Statement of values?

10 A. Correct.

11 Q. And I think you just read out the Bates  
12 stamp number. Okay. Now, if we look at the  
13 statement --

14 MS. SMITH: For the statement you want the  
15 Bates number?

16 MR. GUY: No. I think she read out the last  
17 Bates stamp page number.

18 Q. So the Bates stamp number for the Statement  
19 of values you're looking at begins with TripM 0072.  
20 And if we look at that page, it says: "Signal  
21 International Statement of values - Blanket by  
22 Location."

23 what does blanket by location mean?

*JOYCE JOHNSON - EXAMINATION BY MR. GUY*

1           A.     Blanket by location means that the value at  
2     any one given address would apply to the loss rather  
3     than a line-by-line building or contents scheduled  
4     value.

5           Q.     Okay. And if we have a look at the middle  
6     of that page, we see under TX division, item number 5,  
7     it says 2500 MLK Boulevard, Port Arthur, Texas. And  
8     it lists under bulkheads, drydocks, ACV -- which  
9     you've already told us stands for actual cash value --  
10    \$13,600,000?

11          A.     Yes.

12          Q.     And is it your understanding that that  
13    refers to the AFDB-5 drydock?

14          A.     Yes, that's my understanding.

15          Q.     And I believe when Mr. Nicoletti was asking  
16    you questions earlier, you explained that the values  
17    that are given are used as a basis for calculating the  
18    premium; is that correct?

19          A.     If it is a blanket policy. It depends --  
20    you can request something. It may be different than  
21    what you get. But yes, a blanket policy, this would  
22    be given for underwriting purposes for computing the  
23    premium.

*JOYCE JOHNSON - EXAMINATION BY MR. GUY*

1 Q. Okay. And the total insured value by  
2 location, the sort of bottom right-hand corner number  
3 is \$211,328,279; is that correct?

4 A. Correct.

5 Q. So is that the figure that's used to  
6 calculate the premium payable to the property  
7 insurers?

8 A. That's what I've seen underwriters do.  
9 That's usually what they base it on, the TIV, which is  
10 the total insured value for all the locations.

11 Q. So let's stick with the 13.6 million dollar  
12 figure. If that number had been lower, less premium  
13 would have been charged by the property underwriters;  
14 is that your understanding?

15 A. Correct.

16 Q. And if that figure had been higher, more  
17 premium would have been charged?

18 A. Correct.

19 Q. And I think you testified earlier that the  
20 numbers in these Schedule of Values -- or Statement of  
21 Values, sorry, are prepared by Willis on information  
22 given by the insured, in this case, Signal; is that  
23 correct?

*JOYCE JOHNSON - EXAMINATION BY MR. GUY*

1 Statement of values from the previous years of  
2 account?

3 A. No.

4 Q. And earlier on it was introduced as Exhibit  
5 -- the first exhibit, 82. Here we go. The Friede  
6 Goldman Halter vessel schedule as of October 1, 2002.  
7 It's Exhibit 82. And I'm going to represent to you  
8 that on that particular date Signal International,  
9 LLC, the named insured under this policy, didn't  
10 actually exist. Does that sound correct to you?

11 A. That sounds correct.

12 Q. And you testified earlier that Signal bought  
13 the assets of Friede Goldman Halter in bankruptcy; is  
14 that correct? That was your testimony?

15 A. Yes. Can I make an addendum to that?  
16 Friede Goldman Halter had several divisions, and VT  
17 Halter purchased the Halter Marine yards and Signal  
18 purchased the assets of the Friede Goldman yards, I  
19 believe. Some of the assets but not necessarily all  
20 of them.

21 Q. Thank you. That's what I was asking you.  
22 You pre-empted me. In any event, back to my original  
23 question, if I'm an excess property underwriter in